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PRODUCTION AND MARKETING ADMINISTRATION

DAIRY BRANCH

INSERTS

for

SUMMARIES  
of  
FLUID MILK MARKETING ORDERS

Revised to September 1, 1948.

and

Federal Register Citations  
for the Milk Price Orders

The attached are inserts to be substituted for the corresponding pages in the Summaries of Fluid Milk Marketing Orders, April 1, 1948, and Federal Register Citations for the Milk Price Orders. These inserts revise the Federal orders as effective on September 1, 1948.





Class prices (3.8 per cent butterfat):

Basic formula price - The highest of the prices resulting from the following:

- (1) Class III price plus 15 cents;
- (2) Average of prices paid at 18 condenseries (see list under Chicago order) for 3.5 per cent milk adjusted to 3.8 per cent by the application of the Class III butterfat differential; or
- (3) 92-score butter at Chicago times 6  
PLUS  
2.4 times the price per pound of "Twins" at Plymouth, Wisconsin (if "Twins" are not quoted "Cheddars" are used). Divide by 7, add 30 per cent, and multiply by 3.8.

Class I - Basic formula price plus \$1.05 for the delivery periods April through August, and basic formula price plus \$1.25 for delivery periods September through March.

Class II - Basic formula price plus 50 cents for the delivery periods April through August, and basic formula price plus 70 cents for delivery periods September through March.

Class III - The higher of:

- (1) The average of prices for ungraded milk of 4.0 per cent butterfat content, adjusted by the Class III butterfat differential to 3.8 per cent, paid at the following plants:

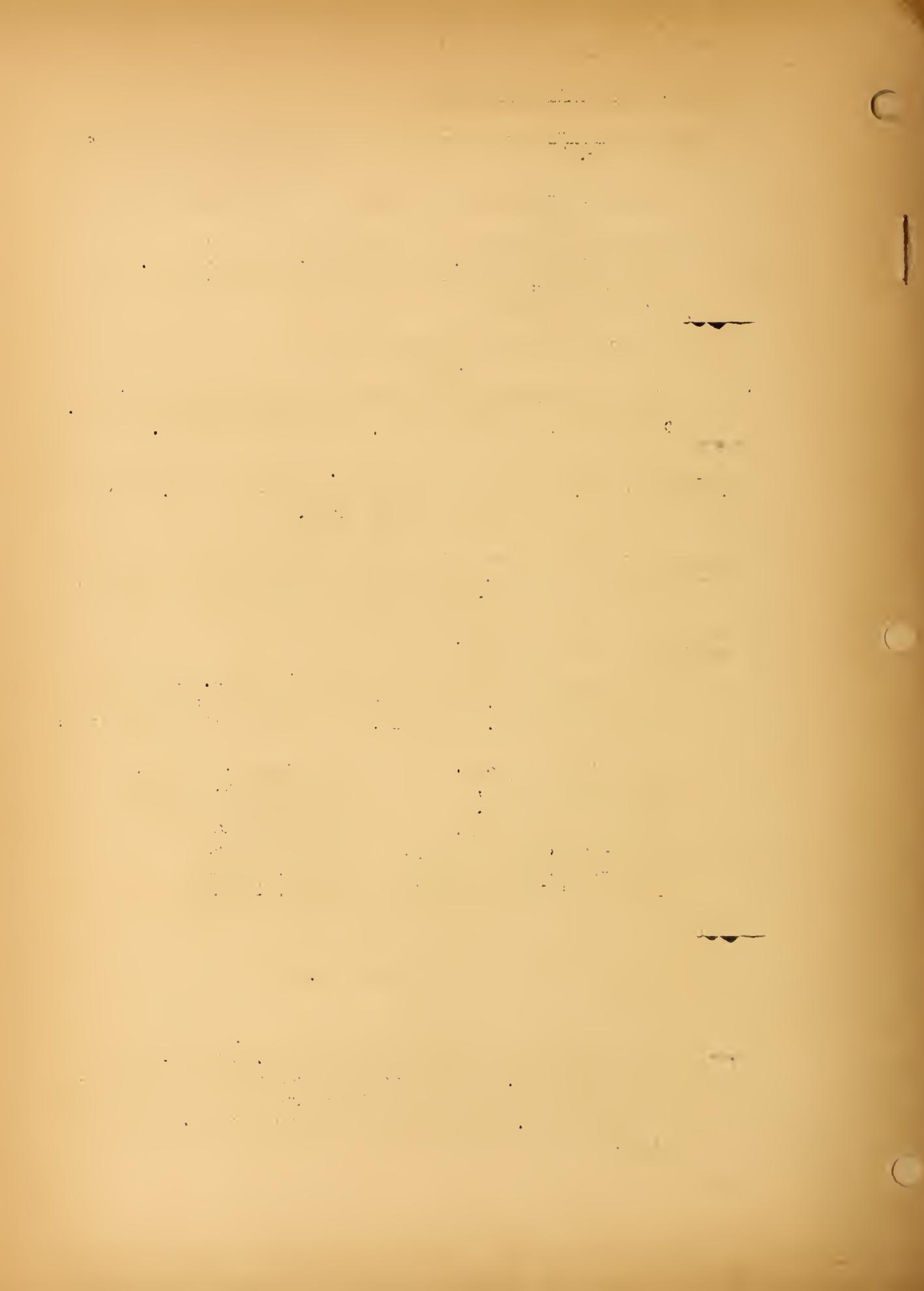
Kraft Foods Company,	Lawrenceburg, Kentucky
Armour Creameries,	Elizabethtown, Kentucky
Armour Creameries,	Springfield, Kentucky
Kraft Foods Company,	Salem, Indiana
Ewing-Von Allmen Company,	Corydon, Indiana
Ewing-Von Allmen Company,	Madison, Indiana
Producers' Dairy Marketing	Orleans, Indiana

or

- (2) 92-score butter at Chicago times 3.8, plus 20 per cent thereof

PLUS

Carlot, roller process, human consumption, dry milk solids, at manufacturing plants in Chicago area, minus 5.5 cents, multiplied by 7. (If the above prices are not published, carlot prices delivered at Chicago are used and the "make" allowance is 6.5 cents per pound rather than 5.5 cents per pound.)



Relief Milk - Class III price plus 12 cents.

Butter Price - For butter made from producer milk during April, May, and June, not in excess of 10 per cent of the handler's utilization of producer butterfat in Class I, a price equal to the Class III price minus 10 per cent of the price of 92-score butter at Chicago.

Butterfat Differentials:

Class I - 92-score butter at Chicago multiplied by 0.13.

Class II - 92-score butter at Chicago multiplied by 0.125.

Class III - 92-score butter at Chicago multiplied by 0.12.

Relief Milk - Same as Class I.

Producer Price -

Butter Price Range (Cents)	Butterfat Differentials (Cents)
Less than 17.5	2
17.5 to 22.499	$2\frac{1}{2}$
(The butterfat differentials increase )	
(1/2 cent for each additional increase)	
(of 5 cents or fraction thereof in the)	
(butter prices to:	)
87.50 to 92.499	$9\frac{1}{2}$
Over 92.5	10

Location Differentials:

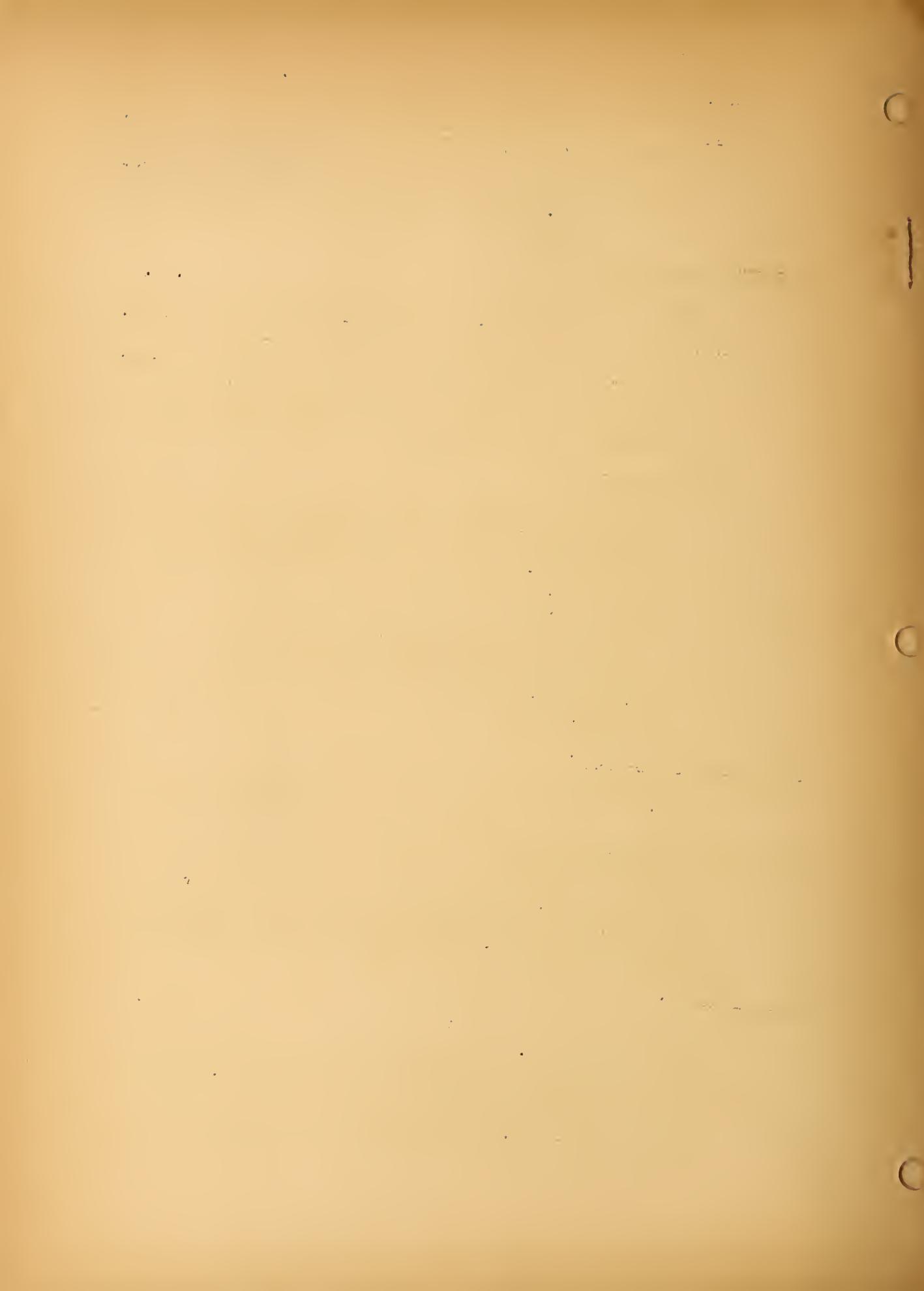
None.

Method of Accounting for Milk:

Weight of butterfat and skim milk are computed separately for each class. Upon completion of classification, the average butterfat content of each class is determined for purposes of pricing.

Type of Pool:

Market-wide, monthly pool, without base rating plan or new producer clause. A deduction of 35 cents per hundredweight of milk received from producers is made from the uniform price for the delivery periods of April, May, and June of 1948, and of 40 cents per hundredweight during the same months in succeeding years. The fund established by these deductions



is held by the market administrator until payments are made for milk delivered during the following September, October, and November. The fund is then divided into three equal parts and a premium established which is paid all producers for those months. Adjustments are required to be made into the pool by handlers for excess skim milk and butterfat and for milk purchased from producer-handlers if such milk is utilized as Class I, Class II, or relief milk.

#### Interhandler transfers:

Milk and skim milk transferred by handlers is classified as Class I; cream transferred is classified as Class II; except

- (1) That a different classification may apply if agreed to by the transferring handler and the transferee (except producer-handlers) and notification in writing given to the market administrator.
- (2) That milk and cream transferred to bakeries, soda fountains, and restaurants which are permitted to receive milk and cream of other than Grade A quality, and milk and cream transferred from the plant of a handler to another plant of the same handler are classified as Class III.

#### Outside Purchases:

"Other source" milk is deducted in series beginning with the lowest price class. Receipts of milk from producer-handlers are considered "other source" milk.

#### Outside Sales:

Skim milk and butterfat disposed of by a handler to a non-handler who distributes or manufactures milk, is classified as Class I if transferred in the form of milk or skim milk, and as Class II if transferred in the form of cream, except that under specified conditions a different classification may apply if utilization in another class is agreed to by the handler and non-handler and notification given to the market administrator and except that milk and skim milk transferred more than 100 miles from Louisville shall be classified as Class I. Outside sales are priced on the same basis as for sales in the marketing area.

#### Producer-Handler:

A person who is both a producer and a handler but who receives no milk from other producers (exclusive of other producer-handlers) is exempt from regulatory provisions of the order except that reports may be required from such a handler by the market administrator and the handler is required to permit verification of such reports.



Expense of Administration:

Handlers pay administrative costs not to exceed 2 cents per hundredweight.

Special Producer Provisions:

Deductions as authorized by members, are turned over by handlers to the cooperative associations. A marketing service charge not to exceed 4 cents per hundredweight is deducted for non-members and paid to the market administrator.



- (3) Disposed of as bulk skim milk to manufacturers of candy, soup, or bakery products who do not dispose of milk in fluid form; and
- (4) Plant shrinkage not over 2 per cent of producer milk, and actual plant shrinkage of other source milk.

Class Prices (3.5 per cent butterfat):

A basic formula price is used for Class I, Class II, and Class III prices. The basic formula is the highest of:

- (1) Average of prices paid for 3.5 per cent milk at 18 specified plants (see list used for basic formula price in Chicago order).
- (2) Price per pound of Chicago 92-score butter, plus 2.4 times the average price per pound of Twins (or Cheddars), divided by 7, times 1.3, times 3.5.
- (3) Price per pound of Chicago 92-score butter, minus 3 cents, times 1.2, times 3.5, plus an amount computed as follows: Price per pound of nonfat dry milk solids (spray and roller process, human consumption, carlots, f.o.b. Chicago area plants), minus 5.5 cents, times 8.5, times .965.

Class I - Basic formula price plus the following amounts for the delivery period indicated:

<u>Delivery period</u>	<u>Huntington District</u> <u>plants</u>	<u>Other</u> <u>plants</u>
May and June	\$1.10	\$0.90
March, April, July, and August	1.20	1.00
September through February	1.35	1.15

For the months of May, June, July, and August 1948, the price shall be the basic formula price plus \$1.35 for plants in the Huntington District and plus \$1.15 for other plants.

Huntington District is portion of marketing area within cities of Ashland, Kentucky; Huntington, West Virginia; and Ironton and Gallipolis, Ohio.

233744

QUAD CITIES - ORDER NO. 44

<u>Citation</u>	<u>Date Published</u>	<u>Action</u>
9 FR 3278	3/28/44	Order, as amended
11 FR 6527	6/14/46	Order suspending certain prov.
11 FR 8277	8/1/46	" " "
12 FR 5036	7/30/47	Amendment No. 1
12 FR 8805	12/27/47	Amendment No. 2
13 FR 2285	4/28/48	Amendment No. 3

LOUISVILLE - ORDER NO. 46

12 FR 6567	10/4/47	Order, as amended
13 FR 5112	9/2/48	Amendment

FALL RIVER - ORDER NO. 47

12 FR 4986	7/1/47	Order, as amended
12 FR 5037	7/30/47	Order suspending certain prov.
12 FR 6427	9/30/47	" " "
12 FR 8671	12/20/47	" " "
13 FR 1644	3/30/48	Amendment No. 8

SIOUX CITY - ORDER NO. 48

12 FR 2079	3/29/47	Order, as amended
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